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SUBJECT: NSG CHAIRMAN EMPHASIZES NEED FOR CONSENSUS ON
INDA-US CIVIL NUCLEAR DEAL

REF: BERLIN 942

Classified By: Economic Minister-Counselor Robert Pollard
for reasons 1.4 (b) and (d).

11. (C) Summary: In separate meetings, Nuclear Suppliers Group (NSG) Chairman Viktor Elbling and his primary working-level technical advisor, Joerg Polster, shared their views on moving forward on the NSG India Specific Exception Agreement (ISEA). On July 31, Elbling expressed to EMIN Germany's support for the Indo-US Civil Nuclear Cooperation Initiative (CNCI) and emphasized Germany's goal to remain "flexible" in facilitating the passage of ISEA by early September. He added that, although Germany is "quite optimistic" that the August 1 IAEA BOG will achieve consensus regarding the ISEA, the NSG ISEA faces a real challenge in achieving the required 45 member consensus before September 126. Polster said he believes that the ISEA keys to success are using the first NSG meeting to address primary ISEA issues and reserving the second for consensus-building among participants armed with full negotiating authority. He sees the need for close engagement with skeptical members in the lead-up to the second meeting. End Summary.

Board of Governors' Meeting: Quite Optimistic

12. (C) Asked about the prospects of the imminent IAEA vote, Elbling and Polster expressed their optimism about reaching consensus at the August 1 Board of Governors (BOG) meeting. Elbling said that he had not heard voices expressing opposition to this vote.

"But the NSG is different"

13. (C) On the NSG ISEA, Elbling several times repeated the need for consensus in the vote by the 45 member group. He cautioned that it would be difficult to force any states "dragging their feet." Noting their interest in being supportive of US goals, Elbling said that Germany is planning at least two NSG meetings in an attempt to reach consensus by early September. He indicated that Germany sent a letter a week ago to all NSG members inviting them to the plenary meeting that would occur on August 21 - 22 and related that the second meeting date would remain to be determined, but aiming for the first week of September. (Note: Elbling said that he had advised the US not to fix the date of the second meeting yet, adding that "people wouldn't want to feel pressed too

much." End Note.)

Germany pushing for a "clean" NSG ISEA proposal

¶4. (C) Elbling made it clear that Germany is pushing for a "clean" NSG ISEA proposal but cautioned that other NSG members may insist on attaching further non-proliferation conditions to the ISEA. Elbling said that thus far no NSG country had come forward with conditions. Yet he cautioned that it "does not mean that something is not brewing", adding, "I would not bet on it staying that way". He noted that with the need for consensus in the 45-member group, he fully expects some kind of NSG member criticism over the ISEA, and that would of course impair a favorable decision.

You May Hear Some Noises Intended for the Home Front

¶5. (C) Following his comments on the timing of the two meetings, Elbling confided, "You may hear some noises intended for the home front...to make it easier." While he did not offer details, Elbling suggested that the German government may raise some challenges intended for domestic consumption.

Planning mechanics: Views from the working level

¶6. (C) During a private meeting with Econoff on July 29, Polster said that the period before the August 21st NSG

meeting is the time for managing expectations and laying the groundwork for a second meeting. He views the first meeting as an opportunity to discuss the primary ISEA issues and emphasized the second meeting should be aimed at producing consensus. He envisions the US playing a critical role engaging skeptical NSG members, specifically mentioning Austria, Ireland, New Zealand and Switzerland. He said the US should encourage them to be flexible with respect to the agreement's content and to plan on attending a second meeting soon after the first. (Note: Polster is the MFA Desk Officer for Export Controls. A nuclear physicist, Polster is deeply engaged in the substance of NSG planning and routinely accompanies Elbling in NSG meetings with members. End Note.)

¶7. (C) Polster cautioned against expecting a second meeting mere days after the first, emphasizing the need for participants to return home to consult their various ministries. He does think it would be realistic to expect members to return within approximately 2-3 weeks to finalize an agreement. Polster stressed the importance of having participants in the second meeting arrive with full negotiating authority from their governments with an aim to achieve consensus.
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